

PUBLIC DISCLOSURE

APRIL 27, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

EAGLE BANK

466 BROADWAY
EVERETT, MA 02149

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **EAGLE BANK (or the "Bank")** prepared by the Division, the institution's supervisory agency, as of **APRIL 27, 2005**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "High Satisfactory".

Eagle Bank has demonstrated a good responsiveness to credit needs, particularly within its assessment area. Although a majority of the Bank's loans were originated or purchased outside the assessment area, management has continued to be proactive in investment and service activities. The Bank's lending demonstrates a good distribution of loans among individuals of different income levels and an adequate distribution of loans to businesses of different sizes. The Bank has a good record of serving the credit needs of moderate-income areas throughout the assessment area. The Bank's level of community development lending is considered to be good at this time. In addition, the Bank's fair lending performance was found to be adequate at this time. Based on this information, the Bank's lending performance receives a rating of Satisfactory.

Eagle Bank primarily participates in qualified investments through the provision of grants. In addition, the Bank has bought mortgaged-back securities for CRA investment purposes. The contributions are primarily directed at low and moderate-income individuals and moderate-income areas. Based on this information, the Bank's investment performance is considered to be Outstanding.

The Bank's systems for delivering retail banking services are accessible to geographies and individuals of different income levels in its assessment area. The Bank's Trustees, officers, and employees have provided a high level of service activities primarily for community development purposes and related to the provision of financial services. Therefore, the Bank's service activities receive a rating of Outstanding.

In conclusion, Eagle Bank has demonstrated an adequate level of lending, a very good level of qualified investments, and a high level of services. Overall, the Bank exhibits a good responsiveness to credit and community economic development needs throughout its assessment area. Therefore, Eagle Bank's performance in the area of Community Reinvestment was found to be High Satisfactory at this time.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

PERFORMANCE TESTS Eagle Bank			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory			
Satisfactory	X		
Needs to Improve			
Substantial Non-Compliance			

* Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

PERFORMANCE CONTEXT

Description of Institution

Eagle Bank is a mutually-owned financial institution with \$445,202,000 million in total assets, of which approximately \$187,568,000 million were in gross loans as of March 31, 2005. The Bank's primary focus is 1-4 family residential real estate which comprises 40.2 percent of the total loan portfolio. Refer to the following table for more information.

Loan Portfolio

Loan Type	Amount (\$ 000s)	Percent
1-4 Family Residential Real Estate	\$ 75,350	40.2%
Construction and Land Development Real Estate	\$ 38,512	20.5%
Nonfarm Nonresidential Real Estate	\$ 30,459	16.2%
Commercial and Industrial	\$ 15,547	8.3%
Multi-Family Residential Real Estate	\$ 14,838	7.9%
Equity Lines of Credit	\$ 12,307	6.6%
Loans to Individuals	\$ 555	0.3%
Total	\$ 187,568	100.0

Source: March 31, 2005 Consolidated Report of Condition.

As shown by the data in the table above, the loan portfolio is diversified. Approximately, 40.2 percent are centered on 1-4 family residential real estate followed by construction and land development with 20.5 percent and non farm non-residential real estate at 16.2 percent.

The Bank operates in a highly competitive area. Competition includes both state and nationally chartered financial institutions located within its assessment area. The primary competitors include Everett Co-operative Bank, Bank of America, Citizens Bank, and Sovereign Bank, as well as national and area mortgage companies.

The examiners used PCI Services, Inc., CRA Wiz, to generate aggregate Home Mortgage Disclosure Act ("HMDA") reports, when comparing Eagle Bank to all other HMDA lenders throughout its assessment area for calendar year 2003. The other HMDA reporters, totaling 394, include bank and non-bank entities such as large national banking companies, local banks, credit unions, and mortgage companies.

The Bank was last examined for compliance with CRA by the Federal Deposit Insurance Corporation ("FDIC") on September 30, 2002. That examination resulted in rating of Satisfactory. The Division examined Eagle Bank on December 17, 2001. That examination also resulted in a CRA rating of Satisfactory.

PERFORMANCE CONTEXT (CONTINUED)

Description of Assessment Area

The CRA requires a bank to designate one or more assessment area(s) within which its record of helping to meet the needs of its community will be evaluated. Eagle Bank's assessment area consists of the cities and towns of Everett, Malden, Medford, Revere, and Lexington.

The assessment area contains 40 census tracts: 23 (57.5 percent) are moderate-income, 11 (27.5 percent) are middle-income, and 6 (15.0 percent) are upper-income. The moderate-income tracts are located in Everett (6) Malden (5) Medford (4), and Revere (8). The Bank's assessment area contains a total population of 227,780 individuals. Minority individuals account for 49,208 or 21.6 percent of the total population of the assessment area.

Income

The median family income for the Boston Metropolitan Statistical Area ("MSA") for 2003 was \$80,800. During 2004, the designation changed and the Bank's activity was compared to the median family incomes for Cambridge-Newton-Framingham, MA Metropolitan Division ("MD") as well as the Boston MA MD. These income figures were \$79,983 and \$75,300, respectively. The income figures are based on estimated Department of Housing and Urban Development ("HUD") information. Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

Community Contact Information

As part of the examination, community organizations are often contacted by examiners to determine if there are any areas in need of assistance from local institutions, and to verify if the institutions are meeting the credit needs of the assessment area. These interviews also provide examiners with knowledge regarding the assessment area, its economic base, and community development initiatives.

During this examination, the examiners contacted the executive director of an organization that is concerned with affordable housing and community development activities in the City of Malden.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities by considering a bank's home mortgage, small business, small farm and community development lending. The bank's lending performance is determined by factors such as the volume of the institution's loans within its assessment area, particularly to low and moderate-income borrowers and geographies; the amount of small business loans originated to businesses with annual revenues less than \$1 million; the institution's responsiveness to community development lending; and the use of innovative and flexible lending practices. The following information details the data compiled and reviewed, as well as conclusions on the Bank's performance.

I. Lending Activity

Eagle Bank's assets totaled approximately \$445 million as of March 31, 2005. Gross loans totaled \$182,904,000 and the net loan-to-deposit ratio was 47.5 percent. As of the last examination date of June 30, 2002, Eagle Bank's asset size was \$375 million compared to \$445 million as of March 31, 2005, an 18.7 increase.

From January 1, 2003 to December 31, 2004, the Bank originated a total of 381 HMDA reportable mortgages totaling \$100,443,000 of which 162 were originated in its assessment area.

In 2003, the Bank originated 219 HMDA reportable loans totaling \$48,735,000. During 2004, the Bank originated/purchased 162 HMDA reportable loans totaling \$51,708,000.

The Bank originated 107 HMDA reportable mortgages within its assessment area during 2003 ranking 49th in market share.

An analysis of the Bank's small business lending was conducted for 2003 and 2004. This review indicated that Eagle Bank originated 38.9 percent of its small business loans throughout its assessment area. It should be noted that small business loans increased from 2003 to 2004 by 79.4 percent.

Overall, the Bank's level of HMDA reportable and small business lending reflects adequate responsiveness to credit needs of the assessment area based on the size of the Bank, its financial condition, and its strong local competition.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

II. Geographic Distribution

HMDA-Reportable Loans

Eagle Bank's 2003 and 2004 Loan Application Registers ("LAR"s) were reviewed to determine the amount of credit extended within the Bank's assessment area. During this period, the Bank originated and/or purchased a total of 381 HMDA reportable loans totaling approximately \$100,443,000. Of this amount, 162 loans or 42.5 percent of the number, totaling \$30,328,000 or 30.2 percent of the dollar amount, were originated within the Bank's assessment area. By number, Everett accounted for the largest volume of loans.

Refer to the following tables for additional information regarding the Bank's HMDA reportable lending, by both number and dollar amount.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2003	107	48.9%	17,872	36.7%	112	51.1%	30,863	63.3%
2004	55	34.0%	12,456	24.1%	107	66.0%	39,252	75.9%
Total	162	42.5%	30,328	30.2%	219	57.5%	70,115	69.8%

Source: HMDA/LAR, CRA Wiz – 2003 and 2004

As depicted in the above table, the majority of the Bank's HMDA reportable lending, by both number and dollar amount, has been extended outside of the Bank's assessment area. It should be noted that Eagle Bank purchased 37 mortgages totaling \$12,300,000 during 2004, which attributes to the decline of HMDA reportable lending within the assessment area. Further supporting the decline in residential mortgages was the increase in interest rates during that time period. The intense level of competition is further illustrated by the market share percentages achieved by the top lenders within the assessment area. Countrywide Home Loans accounted for the largest market share throughout the assessment area capturing approximately ten percent followed by Washington Mutual Bank, FA at approximately eight percent. Eagle Bank ranked as the 49th lender during 2003.

Small Business Lending

A small business loan, as defined in the FDIC Call Report instructions, is "...a loan with an original amount of \$1 million or less...secured by non-farm non-residential properties; or commercial and industrial loans to U.S. addresses." Information was obtained from the Bank's small business loan registers, which were maintained under a format prescribed by the federal CRA regulations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

An analysis of the Bank's small business lending was completed for 2003 and 2004. This review indicated that Eagle Bank originated 95 small business loans totaling \$19,939,000. Of these loans, 37 or 38.9 percent were originated within the Bank's assessment area. Additionally, the small business LAR for this period indicated that \$7,326,000 or 36.7 percent of the small business loans by dollar amount were originated within the assessment area.

As mentioned previously, the Bank faces significant competition within the assessment area from credit unions, large regional banks, and mortgage companies. Eagle Bank's lending throughout the assessment area is considered to be adequate.

Distributions by Census Tract Income Level

HMDA-Reportable Lending

The following table provides a breakdown, by number, of the Bank's HMDA-reportable loans within its assessment area according to census tract income level. The table also shows the number of loans in comparison to the number of owner-occupied housing units in each census tract income category.

Distribution of HMDA Reportable Loans Eagle Bank							
Census Tract Income Level	% Total Owner-Occupied Housing Units	2003		2004		Total	
		#	%	#	%	#	%
Moderate	49.6%	86	80.4%	37	67.3%	123	75.9%
Middle	31.4%	8	7.5%	5	9.1%	13	8.0%
Upper	19.0%	13	12.1%	13	23.6%	26	16.1%
Total	100.0%	107	100.0%	55	100.0%	162	100.0%

Source: U.S. Census, HMDA LAR – 2003 and 2004

As shown in the above table, 75.9 percent of the Bank's total HMDA reportable loans were within moderate-income census tracts. This number indicates that the activity in moderate-income census tracts is well above the percentage of owner-occupied housing units in the assessment area. The lending pattern shows a heavy concentration of mortgage lending in moderate-income tracts, which is expected due to the demographic makeup of the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

The geographic distribution of the Bank's loans by census tract income category may also be compared to that of all other HMDA reportable lenders in the assessment area. Other HMDA reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 2003 and is presented in the following table.

Distribution of HMDA Reportable Loans Eagle Bank Compared to All Other Reporters								
Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	Eagle Bank		All Other Reporters		Eagle Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Moderate	86	80.4%	11,485	43.9%	11,856	66.3%	2,381,853	39.2%
Middle	8	7.5%	9,153	35.0%	1,163	6.5%	1,907,622	31.4%
Upper	13	12.1%	5,501	21.1%	4,853	27.2%	1,785,113	29.4%
Total	107	100.0%	26,139	100.0%	17,872	100.0%	6,074,588	100.0%

Source: 2003 HMDA Aggregate Data

As demonstrated above, Eagle Bank was well above the aggregate in lending to moderate-income census tracts during 2003. The Bank originated 80.4 percent of its HMDA reportable loans within moderate-income census tracts while the aggregate originated 43.9 percent in the same areas. Additionally, the Bank outperformed the aggregate by dollar amount of originations as 66.3 percent by dollar amount were granted in moderate-income tracts compared to the aggregate at 39.2 percent.

Small Business Lending

Eagle Bank's small business loans were also analyzed to determine the distribution by census tract income level within its assessment area during 2003 and 2004. This analysis indicates that Eagle Bank originated 19 or 51.4 percent of its small business loans in moderate-income census tracts, 16 or 43.2 percent of its loans in upper-income tracts, and 2 or 5.4 percent in middle-income census tracts.

Based on the above information, the Bank's distribution of HMDA-reportable loans and small business loans by census tract income level reflects a very good dispersion of loans throughout the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

III. Borrower Characteristics

HMDA-Reportable Lending

The Bank's HMDA reportable loans were further analyzed to determine the distribution of lending by borrower income level. Borrowers reported incomes were compared to the median family income of the Boston MSA for 2003. The designation changed for 2004 and the examiners utilized the Cambridge-Newton-Framingham MA MD and the Boston-Quincy MA MD. The income figures used for the 2003 MSAs in the analysis are located in the following table as well as the 2004 Cambridge-Newton-Framingham MA MD and the Boston-Quincy MA-MD. These income figures are based on estimated HUD information. The estimated incomes for the MSAs are illustrated in the following table.

Median Family Income Levels		
MSA/MA MD	2003	2004
Boston, MA-NH (1120)	\$80,800	-
Cambridge-Newton-Framingham MA MD	-	\$78,983
Boston-Quincy MA MD	-	\$75,300

The following table shows the number of HMDA reportable loans granted to low, moderate, middle and upper-income borrowers in comparison to the number of households in the assessment area in each respective income group.

Borrower Distribution of HMDA Reportable Loans							
Median Family Income Level	% Total House holds	2003		2004		Total	
		#	%	#	%	#	%
Low	28.8%	12	11.2%	11	20.0%	23	14.2%
Moderate	17.7%	36	33.6%	13	23.6%	49	30.3%
Middle	19.4%	29	27.1%	14	25.5%	43	26.5%
Upper	34.1%	28	26.2%	13	23.6%	41	25.3%
N/A	0.0%	2	1.9%	4	7.3%	6	3.7%
Total	100.0%	107	100.0%	55	100.0%	162	100.0%

Source: U.S. Census, HMDA LAR – 2003 and 2004

The Bank extended 23 loans to low-income borrowers representing 14.2 percent of total HMDA loans within the assessment area. Lending to low-income borrowers is lower than the percentage of total households of low-income individuals throughout the assessment area. However, lending to moderate-income individuals is well above that of the total percentage of households of moderate-income individuals residing in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

Consideration is also given to housing prices when assessing the Bank's lending to low-income borrowers. As stated earlier, housing prices in the Bank's assessment area have been rising dramatically over the past few years and it is extremely difficult for low-income individuals to purchase homes.

The distribution of the Bank's loans among various borrower income levels may also be compared to that of all other HMDA reportable lenders in the assessment area. The most recent data available for this analysis relates to calendar year 2003 and is presented in the following table.

Distribution of HMDA Reportable Loans Eagle Bank Compared to All Other Reporters								
Borrower Income Level	Number of Loans				Dollar Amount of Loans			
	Eagle Bank		All Other Reporters		Eagle Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	12	11.2%	1,832	7.0%	1,009	5.7%	248,783	4.1%
Moderate	36	33.6%	5,952	22.8%	4,870	27.3%	1,095,617	18.1%
Middle	29	27.1%	7,179	27.4%	4,564	25.5%	1,574,858	25.9%
Upper	28	26.2%	7,395	28.3%	7,064	39.5%	2,121,570	34.9%
NA	2	1.9%	3,781	14.5%	365	2.0%	1,033,760	17.0%
Total	107	100.0%	26,139	100.0%	17,872	100.0%	6,074,588	100.0%

Source: 2003 HMDA Aggregate Data

Eagle Bank's 2003 distribution of residential loans to low and moderate-income borrowers is very good. The Bank's percentage to these income levels exceeded that of the aggregate. Additionally, the percentages of originations to middle-income borrowers were very proportionate to that of the aggregate's performance levels.

The distribution of the Bank's residential loans to low-income borrowers is higher by number and dollar amount than that of all other 394 HMDA reporters within the assessment area. The Bank originated 11.2 percent by number and 5.7 percent by dollar amount of the total loans within the assessment area to borrowers of low-income, compared to the aggregate with 7.0 percent by number and 4.1 percent by dollar amount.

HMDA reportable loans to moderate-income borrowers accounted for 33.6 percent by number and 27.3 percent by dollar amount within the assessment area. Both number and dollar amount are also well above that of the aggregate.

Eagle Bank ranked 33rd in market share in lending to low and moderate-income individuals in the assessment area during 2003. The Bank originated 48 loans to low and moderate-income borrowers capturing .61 percent of the market. The top three lenders to low and moderate-income borrowers within Eagle Bank's assessment area

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

for 2003 were Countrywide Home Loans, GMAC Mortgage Corporation, and GMAC Bank.

Given the above information, Eagle Bank appears to be doing a good job of originating loans to applicants of various incomes, including those of low and moderate-income.

Small Business Lending

Small business loans originated within the Bank's assessment area, during this period, were analyzed to determine the distribution among businesses of various sizes. Of the 37 small business loans originated within the assessment area during this period, 26 or 70.2 percent were granted to businesses with annual revenues less than \$1 million. This illustrates Eagle Bank's commitment to extend credit to very small businesses.

The small business loans originated within the Bank's assessment area were further analyzed to determine the typical loan amount at origination. Of the 37 loans originated throughout the assessment area, 29.8 percent had original loan amounts of \$100,000 or less, 43.2 percent were between \$100,000 and \$250,000, and 27.0 percent were between \$250,000 and \$1,000,000.

Based on the information above, the Bank's residential lending to borrowers of different income levels, especially those of low and moderate-income is considered to be very good. However, the Bank's lending to businesses of various sizes with small business loans reflects an adequate level of performance.

IV. Community Development Lending

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

A community development loan is a loan that:

- 1) Has as its primary purpose community development; and
- 2) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family dwelling loan; and
- 3) Benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

During this evaluation period, Eagle Bank originated or increased the existing loan amount on five community development loans totaling approximately \$5 million.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

The following list contains a sample of the various community development loans originated during the current evaluation period.

Tri-City Family Housing, Inc.

The organization operates a scattered site emergency family shelter for homeless families, transitional housing, and several subsidized rental homes for low-income families. During 2003, Eagle Bank granted a \$150,000 unsecured revolving line of credit to this non-profit agency to fund short term working capital needs. In addition, Eagle Bank granted a \$50,000 capital expenditure line of credit to this non-profit organization.

Mystic Valley Elder Services, Inc.

This non-profit organization provides assistance and access to a comprehensive range of services that address age-related needs to low and moderate-income elders in Everett, Malden, Medford, and surrounding communities. During 2003, Eagle Bank extended a \$300,000 line of credit to this organization to provide short term working capital.

Since the previous examination, Eagle Bank financed an affordable housing 40B development totaling \$3,027,500. This project is developed with 25 percent of the units to be designated as affordable. The development is located within the Town of Bedford, which is outside the Bank's assessment area. The financing of this development qualifies as a community development loan and illustrates Eagle Bank's willingness to assist in the creation of affordable housing.

During 2004, Eagle Bank financed a Chapter 40B affordable housing development loan totaling \$1,028,000. This loan is to fund the construction of a 10-unit residential building of which seven units are affordable. This development is also located in the Town of Bedford.

Based on the Bank's lending capacity and opportunities available within the assessment area, Eagle Bank has made a good level of community development loans. Two of the qualified community development loans during this evaluation were outside the Bank's assessment area.

V. Innovative or Flexible Lending Practices

Eagle Bank serves the credit needs of its assessment area by offering a variety of fixed and adjustable rate mortgage products. Given the size and financial condition of the institution, the level of Bank involvement is considered good. The following highlights the various innovative and flexible loan programs offered by the institution.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

In February of 2005, Eagle Bank approved an allocation up to \$5,000,000 for the enhanced Home Improvement, Fixed-Rate, and In-House ARMs. These programs were active during 2003 and 2004, but modifications have been made to attract new business. The Home Improvement Loan program reflects a reduced rate of $\frac{1}{4}$ percent for the shorter term five-year loan. Customers can borrow up to \$40,000 with no equity required and no closing costs and no pre-payment penalties. During 2003 and 2004, the Bank originated 10 home improvement loans totaling \$243,000.

The Fixed Rate Mortgage Loans offers the choice of a reduced rate of $\frac{1}{8}$ percent or the Bank will pay normal closing costs up to $\frac{1}{2}$ percent of the loan amount. The Adjustable Rate Mortgage Loans offer a reduced initial rate of $\frac{1}{4}$ percent or the Bank will pay normal closing costs up to one percent of the loan amount. First time home buyers are eligible for both options. As these programs were just started, there has been no activity.

Eagle Bank introduced the City Home Independence Plan Initiative Program (CHIP-IN) and committed \$2,000,000 to this program. This program is specifically designed to assist full-time City of Everett employees with the purchase of their primary residence in the City of Everett. The Bank has not originated any loans through this program during 2003 and 2004.

Eagle Bank offers its own First-time Home Buyer loans that include a reduced interest rate of $\frac{1}{8}$ percent on 7/1, 5/1, and 3/1 ARM products. Features of this program include no points, flexible underwriting guidelines, and no closing costs. This program is limited to cities and towns in the assessment area. During 2003 and 2004, Eagle Bank originated five loans through this program totaling \$884,200.

The Bank is an approved Massachusetts Housing Finance Agency ("MHFA") lender. The MHFA lending programs include a variety of reduced interest rate loans targeted to low and moderate-income families to assist them in purchasing a first home. These programs offer fixed-rate loans with a lower interest rate than is usually available on the open market. During 2003 and 2004, Eagle Bank originated eight loans through this program totaling \$1,984,050.

VI. Fair Lending Policies and Practices

Eagle Bank's fair lending policy and procedures are comprehensive in nature and address specific areas such as staff training, fair lending procedures, a loan application and an evaluation process as well as applicable rules and regulations regarding the Fair Housing Act, the Equal Credit Opportunity Act ("ECOA"), the Consumer Protection Act, and the Community Reinvestment Act.

All employees are provided with training appropriate to their job description and their responsibilities in fair lending issues. This includes information regarding both technical requirements that come into play, as well as the more substantive and subtle issues related

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

to unintentional discrimination and quality of assistance. Fair Lending training was held in 2003 for all lending personnel.

Eagle Bank has 107 employees. There are several employees of the Bank who speak a second language, which aids individuals who may not speak English. Eagle Bank markets its services and products to the community through a variety of mediums, with the majority including print advertisements. In addition, the Bank distributes various foreign language brochures throughout the assessment area.

No violations of the substantive provisions of ECOA or related laws and regulations were identified during the examination.

Minority Application Flow

Eagle Bank's LARs for 2003 and 2004 were reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the area's demographics. Each year had to be broken out separately because the designation of races changed with the new 2004 HMDA regulations. Of the total 118 HMDA reportable applications received from within the Bank's assessment area for 2003, 101 or 85.6 percent were from white applicants and 11 or 9.3 percent were from minority applicants. Of the total applications received from minority applicants, all were originated.

Eagle Bank's minority application flow in 2003 was also compared to all other HMDA reportable lenders accepting applications from within the Bank's assessment area. The Bank falls below the aggregate in lending to minority individuals. Refer to the following table to observe how the Bank compared to the aggregate in 2003.

Race	Aggregate Data 2003*		Bank 2003	
	#	%	#	%
<i>Native American</i>	102	0.3	1	0.9
<i>Asian</i>	2,117	5.9	3	2.5
<i>Black</i>	1,255	3.5	4	3.4
<i>Hispanic</i>	1,955	5.4	3	2.5
<i>Other</i>	1,104	3.1	0	0.0
Total Minority	6,533	18.2	11	9.3
<i>White</i>	21,280	59.2	101	85.6
<i>Not Provided</i>	5,798	16.2	5	4.2
<i>Not Applicable</i>	2,310	6.4	1	0.9
Total	35,921	100.0	118	100.0

2003 CRA WIZ Data

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

The 2004 LAR indicates that Eagle Bank had received 61 HMDA reportable applications. Of these applications, 50 or 82.0 percent were received from white applicants, 5 or 8.2 percent were from minority individuals, and 6 or 9.8 percent were from races not available. All the minority applications resulted in originations.

VII. Loss of Affordable Housing

Eagle Bank's development of credit products with flexible lending criteria, community development lending, and participation in flexible lending programs has assisted low and moderate-income individuals to remain in their neighborhoods.

CONCLUSION (Lending Test)

Taking into account the number and amount of home mortgage and small business loans in its assessment area, Eagle Bank has demonstrated adequate responsiveness to the assessment area's credit needs. The loans are well distributed throughout the communities in its assessment area, particularly within moderate-income geographies. The Bank's lending also demonstrates a good distribution of loans among individuals of different income levels and is considered good for lending to businesses of different sizes. The community development lending is considered to be good and the institution has offered a good level of innovative products. In addition, the Bank's fair lending performance was also found to be adequate at this time. Therefore, the institution's lending performance receives an overall rating of Satisfactory.

INVESTMENT TEST

The investment test evaluates the Bank's record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the Bank's assessment area. A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Community development purposes include 1) providing affordable housing for low- or moderate-income individuals or areas, 2) providing community services targeting low- or moderate-income individuals or areas, 3) promoting economic development by financing small businesses, or 4) revitalizing or stabilizing low- or moderate-income geographies. Investment performance is evaluated based on the level, innovativeness or complexity, and degree of responsiveness to community needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

INVESTMENT TEST (CONTINUED)

Investment and Grant Activity

Since the prior examination, Eagle Bank has demonstrated a high level of investment and grant activity and is rated "Outstanding". Investments are primarily made through qualified grants, the purchase of mortgage-backed securities and a mutual fund which purchase securities backed by community investment loans.

Overall, investments during the review period included new commitments to qualified investments of \$368,000 as well as \$78,700 in qualified grants for the time period January 1, 2003 through April 29, 2005. Additionally, the regulation allows for recognition of qualified investments retained on the Bank's books. As of December 31, 2004, Eagle Bank had five qualified investments that were fully funded and retained by the Bank. Those investments have a current book value of approximately \$348,000.

Qualified Investments

For the time period covered by this evaluation, Eagle Bank purchased two qualified investments totaling \$368,000. The underlying security of the investments are generally targeted towards low- or moderate-income mortgages, community development loans and small business loans within or in the immediate geographic area of the Bank's assessment area. The following briefly describes the two investments.

Advest, Inc. Targeted Mortgage-Backed Security ("MBS")

During 2003, the Bank purchased a MBS for approximately \$118,000 from Advest, Inc. Advest assembles securities backed by loans that have been originated within the Bank's assessment area to borrowers' whose income levels are 80 percent or less than the area's family median income. The purchased security is backed by a single mortgage to a low- or moderate-income borrower located in the City of Revere.

Access Capital Strategies Community Investment Fund

During 2004, the Bank invested \$250,000 in this targeted mutual fund. The objective of this fund is to provide a secondary market and financing vehicle for community development loan originators. The fund invests in private placement debt securities specifically designated to support underlying community development activities targeted to serve low- and moderate-income individuals such as affordable housing, education, small business lending and other job creating investments within in a target region specified by the investing institution. The Bank's designated target region is the City of Revere, Middlesex and Essex Counties which includes the Bank's entire assessment area. The security purchased is backed by community development loans located within the targeted area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

INVESTMENT TEST (CONTINUED)

Charitable Contributions

For the time period covered, the Bank has provided \$78,700 in qualified contributions to organizations that provide education and training, affordable housing, youth programs, and health and human services for individuals in need. During the calendar year 2003, the Bank provided \$52,619 in charitable contributions, \$30,584 or 58.1 percent was in qualified contributions and grants, in support of the development of facilities which promote community development as defined under the CRA regulation. During the calendar year 2004, the Bank provided \$65,587 in charitable contributions, \$38,283 or 58.4 percent was in qualified contributions and grants. As of year to date April 30, 2005, the Bank contributed \$18,586 in charitable contributions, and a total of \$8,333 or 44.8 percent was for community development purposes. Additionally, the Bank continues to provide scholarships for Everett students from low- or moderate-income families to assist in furthering their education. The Bank provided \$1,500 in scholarship funds during the time period.

The following is a sampling of organizations that received qualified grants:

Tri-City Community Action Program, Inc. ("Tri-CAP"):

This is a multi-service, anti-poverty agency serving the cities of Malden, Medford, Everett and surrounding communities. Founded in 1978, Tri-CAP was organized to prevent the development and continuation of conditions which cause poverty or occur as a result of people living in poverty. Tri-CAP works through three agency divisions; Energy, Children and Family Services, and Advocacy and Community Services which help low income people meet their essential needs and take action to improve their own lives.

Tri-City Family Housing, Inc.

Tri-City Family Housing, Inc. has operated temporary shelter programs for homeless families from Everett, Malden and Medford and other communities north of Boston. Basic shelter programs are supplemented by therapeutic and educational services for homeless children and parents and services designed to support families throughout the process of moving and establishing a new household.

Tri-City Family Housing has grown from sheltering four families in 1986 to sheltering 54 families each night. They operate a Scattered Site Program that offers safe and supportive temporary shelter, while families begin their search for more permanent housing. In addition to shelter programs, the agency also operates six units of permanent housing.

Bread of Life

This non-profit organization was incorporated in 1992 as a volunteer organization and is made up of 31 partner churches, temples, high schools, and community groups from Malden, Medford, Everett, Revere and surrounding areas. Bread of Life offers free evening meals to hungry, homeless, and isolated people four nights a week, as well as

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

INVESTMENT TEST (CONTINUED)

an emergency food pantry. This organization also provides clothing, counseling, furniture, skills training and advocacy to low-income residents.

Everett Literacy Program

This organization works with low- and moderate-income immigrants from many different countries and has been part of the Everett community for 15 years. They teach English as a Second or Other Language ("ESOL") to new and old immigrants. They also tutor native English speakers for the GED and basic literacy skills.

Tri-City Mental Health and Retardation Center, Inc.

The Center provides diagnostic evaluation, emergency services, respite, diversion, intensive day treatment, crisis intervention, individual group, and family outpatient counseling, early intervention, preschool day care, specialized psychological testing day treatment and residential treatment for adults, nursing, home support, client outreach, and support services for the homeless, batterer intervention and treatment, clinical services for individuals with HIV/AIDS, consultation, and training for the lay and professional community.

Healthy Malden, Inc.

This non-profit organization maintains a leadership role on the "Housing and Homelessness Task Force". The Bank's grant helps fund the many ongoing programs that address the issues of violence prevention, multicultural access to health care, Chinese health programs, substance abuse, and youth prejudice.

Medford Family Life Education Center

Since 1989, Medford Family Life Education Center has provided transitional housing for homeless families from the Tri-Cities (Medford, Malden, and Everett). They have assisted over ninety families in finding permanent, affordable housing as well as to increase their level of education, job training and other necessary life skills so that they may achieve a greater level of self-sufficiency.

The Massachusetts Community & Banking Council ("MCBC")

This organization was established in 1990 as a collaborative effort between community and bank representatives to encourage community investment in low-and moderate-income and minority neighborhoods. MCBC strives to promote a better understanding of the credit and financial needs in those neighborhoods and to provide assistance and direction to banks and community groups in addressing those needs.

Malden YMCA

The Malden YMCA is a major youth and family resource. This is shown through their work with at-risk youth and teens in the areas of AIDS prevention, teen parents, drug elimination and anti-violence, abused children in the YMCA's child care programs, men in need of safe and affordable housing, and seniors benefiting from programs which enhance their physical and mental well being. New programs developed over the past year include community partnerships for children. The YMCA, along with other local

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

INVESTMENT TEST (CONTINUED)

agencies, provides affordable and accessible child care programs for preschool low-and moderate-income families.

YWCA - Malden Center For Women & Families

The Malden YWCA operates successful programs including the newly expanded After School Child Care Centers which offer nurturing activities to elementary aged children at both the Linden and Ferryway schools, and the Willcox Hall Residency Program, which provides housing for 21 working women. Each of the programs is offered to Malden community people of low and moderate income.

Mystic Valley Elder Services ("MVES")

Since 1975, MVES, a private, not-for-profit organization has provided in-home and community-based elder care access, information, services, and solutions to low-to moderate-income individuals in a service area that includes Everett, Malden and Medford. The mission is to assist older persons (age 60+) to remain safely and independently at home for as long as possible by providing the information and services necessary to allow elders to remain living independently.

The Community Family, Inc.

This organization provides day-care services for low-to moderate-income elders and developed Massachusetts first specialized center for the growing number of people with memory disorders.

Caritas Communities

This non-profit provides professionally managed and well-maintained single room occupancy housing to the working poor. Their primary mission is to acquire additional SRO (single room occupancy) housing committed to long-term affordability. They own three lodging houses in the Bank's assessment area (two in Everett and one in Medford).

Youth Tech Entrepreneurs, Inc. (Everett Technology Center)

Founded in 1997, Youth Tech Entrepreneurs is designed to bridge the digital divide and address the problem of inadequate technical training and support in Massachusetts schools and communities. The Bank's 2003 grant, the first funded by a financial institution, helped support general operating costs in the establishment of a new Technology Center in Everett. The Bank's 2004 grant will help fund the cost of a newly created four month part-time position for an ETC Coordinator to take responsibility for running the center and focusing on creating a presence for both volunteers and patrons.

Emmanuel Gospel Center

This organization offers The Network Savings and Training Program at two sites in Everett (the First Baptist Church and the Zion Baptist Church). The twenty-six week training is conducted one evening a week at both locations with the First Baptist Church focusing on immigrants who speak English as a second language. The training

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

INVESTMENT TEST (CONTINUED)

program is a vehicle for low-and moderate-income adults and high school students (mostly minority students and immigrants who speak English as a second language) to learn financial literacy concepts through a web-based curriculum and accumulate assets that will help them invest in their own business or fund higher education.

Fully Funded Investments

The regulation allows for recognition of fully funded qualified investments that remain on the Bank's books. The following is a brief description and current book value of investments as of December 31, 2004:

Advest, Inc. Targeted Mortgage-Backed Security (MBS)

The Bank holds three purchased MBS for approximately \$434,000 from Advest, Inc. between 2000 and 2001. The current book value of these investments is \$47,956.

Access Capital Strategies Community Investment Fund

The Bank invested \$250,000 in 1999 this targeted mutual fund. The current book value is \$250,000.

Everett Development and Financial Corporation (EDFC)

The Bank holds 1,000 EDFC shares of stock it purchased in 1983 and 1984. EDFC is a privately financed agency, established by the Legislature, to promote Everett as a regional, commercial, retail, industrial and civic center by providing loans to qualified businesses in the City of Everett. The book value of the stock is \$50,000.

CONCLUSION (Investment Test)

As depicted above, Eagle Bank's level of investments is considered to be high. The Bank's qualified investments during 2003, 2004, and year to date April 30, 2005, are considered to be "Outstanding".

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. Eagle Bank's service activities are rated Outstanding.

Retail Banking Services

Eagle Bank's main office is located at 466 Broadway, in a moderate-income census tract, in Everett, Massachusetts. In addition, there is a distribution of six branch offices. There has been one branch opened since the previous examination. This branch was

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

SERVICE TEST (CONTINUED)

opened on June 30, 2003 and is located in an upper-income census tract in the Town of Lexington. The dispersion of the other branches by geographies depict that three branches are located in moderate-income census tracts, one branch is located in a middle-income census tract, and one branch is located in an upper-income census tract. Five of the Bank's six branches also have drive-up accessibility with extended hours.

All full service offices are opened on Saturday and offer extended hours during the week on Thursdays and Fridays, with the exception of the Main Street branch in Everett.

Business hours at Everett branch offices are also more convenient than other institutions in the area. The High School branch is limited to school hours when in session. The Medford branch business hours are subject to the food store's hours, which include extended afternoon hours on Saturdays and additional business hours on Sunday.

All branch offices are equipped with 24-hour ATMs. Additionally, Eagle Bank is a member of the SUM network, a no service charge alliance with 1,300 financial institution members statewide. As a SUM member, Eagle Bank ATM cardholders are not charged a fee when they use a SUM member ATM. Eagle Bank continues to be a member of the NYCE Shared Deposit program, a program that enables customers to make deposits at any participating NYCE ATMs. This program offers additional access and flexibility for the Bank's customers.

Alternative Retail Services

- **Telephone Banking:** Customers can telephone the Bank Monday through Friday from 8:00 a.m. to 4:30 p.m. and have their funds transferred from and to statement savings, checking accounts, and money market accounts. Account balances and verification of direct deposits and check clearance is also available. Additionally, customers can access their accounts via a telephone call from any touch tone phone. The customer can obtain deposit and loan account balance information, make loan payments, transfer funds, change their Personal Identification Number, obtain deposit and loan rate information, and branch location and hours information. Eagle Access is available 24 hours a day. There are no fees for these services.
- **Eagle Onsite Online Banking:** Customers with access to the Internet can perform most of their banking transactions online through the Eagle Onsite Internet Banking. Customers can access their deposit and loan accounts, view real time online savings and loan balances, view several months of transaction history for each account, apply for and open deposit accounts, transfer funds between accounts, choose and order checks, obtain current deposit and loan interest rates, and pre-qualify for a home mortgage loan. In addition, there is a bill payment service, which

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

SERVICE TEST (CONTINUED)

allows customers to pay bills electronically. All accounts access, inquiry, and transfers are free.

- **Express Deposit Facility:** The Bank also offers an express deposit facility at the main office and two of its branches, where customers can drop and validate their deposits and obtain a dated receipt. This allows customers to quickly make deposits without interacting with a teller or waiting in a teller window line.

Eagle Bank continues to offer its Everett High School Temporary Student Check Cashing Privileges program. This program offers check-cashing privileges for students participating in a federally funded summer work program. Employment Resources Inc, (ERI) of Cambridge manages the program and check-cashing privileges are limited to the students ERI paycheck only.

The Bank also participates in the Cashing of Public Assistance Checks for non-customers and the MCBC Basic Banking for Massachusetts program.

Record of Opening and Closing Branches

The Bank has a formal Branch Opening and Closing Policy. This policy outlines procedures to be followed should the decision be made to open or close an office. On June 30, 2003, Eagle Bank opened a branch in Lexington located in an upper-income census tract.

Community Development Services

The CRA regulation defines a community development service as a service that has as its primary purpose community development and is related to the provision of financial services. Eagle Bank's trustees, officers and employees are involved with community organizations that address economic and affordable housing development. Through these involvement's, the Bank's staff lends their technical expertise, experience and judgment to these organizations. The following are some examples of the Bank employee involvements:

Tri-City Family Housing, Inc.: This organization operates a scattered site emergency family shelter for homeless families, transitional housing, and several subsidized rental homes for low-income families. A Vice President/Commercial Loan Officer of Eagle Bank serves as a member of the Board of Directors for this organization. This individual offers banking and financial expertise to this organization.

Homelessness and Housing Task Force Committee: This committee meets monthly and is comprised of representatives from organizations throughout the tri-city area that help to serve the interests of homeless individuals and families. Eagle Bank's Senior Vice President/CRA Officer is an active member of this organization and has also served on

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

SERVICE TEST (CONTINUED)

sub-committees that helped formulate a strategy for drawing input from former homeless individuals.

Mystic Valley Elder Services: This nonprofit organization provides assistance and access to a comprehensive range of services that address age-related needs to low and moderate-income elders in Everett, Malden, Medford, and surrounding communities. An Assistant Vice President of Eagle Bank is a member of the Board of Directors of this organization, while another Assistant Vice President serves on the Money Management Advisory Board.

Everett Literacy Program: This organization works with low and moderate-income immigrants from many different countries and has been part of the Everett community for 15 years. This organization's goals are to teach English as a second language to new and old immigrants and tutor native English speakers for the GED and basic literary skills. Eagle Bank's Senior Vice President/CRA Officer serves on the Advisory Board for this organization.

Everett Housing Authority Family Self-Sufficiency Program (FSS): This is a federal program designed to help get people off public assistance and into better life situations. The idea is to have people have the ability to pay their own rent and become more self-sufficient. The Bank's Senior Vice President/CRA Officer serves on the Program Coordinating Committee.

Tri-City Community Action Program, Inc. (Tri-CAP): This is a multi-service, anti-poverty agency serving the cities of Malden, Medford, Everett, and surrounding communities. Tri-CAP was organized to prevent the development and continuation of conditions which cause poverty or occur as a result of people living in poverty. The Bank's Senior Vice President/CRA Officer is Vice President of the Board and a member of the Executive and Finance Committee and votes on financial issues related to a number of anti-poverty programs that include fuel assistance and homeless outreach.

Everett Development and Financial Corporation (EDFC): EDFC is a privately-financed agency established by the legislature which may also accept public funds to issue loans to qualified businesses at modest rates within the City of Everett. The main goal of this organization is to promote the City of Everett as a regional, commercial, retail, industrial, and civic center. The Bank's President/CEO is a board member and member of the Executive Finance Committee of this organization and offers his financial expertise to this organization.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

SERVICE TEST (CONTINUED)

Educational Seminars

In addition to its work with local community organizations, Eagle Bank recognized the need for and established a wide variety of consumer education programs. Program topics have benefited small business owners, aspiring entrepreneurs, first-time homebuyers, school children and senior citizens. An example of these educational trainings is detailed below.

Throughout the examination period, the Bank conducted several ten week evening courses at Everett High School. Many of the attendees completed “The National Foundation for Credit Counseling” publication titled “Keys to Home Ownership” along with the Fannie Mae Publication titled “Becoming a Landlord”. Several guest speakers involved in the home buying process participated in the course. This is an in-depth comprehensive homeownership course which covers all of the important areas that are designed to take the mystery out of the process.

During April 2003, Eagle Bank conducted a banking seminar at the Everett Housing Authority for Family Self-Sufficiency (“FSS”) clients. Many of the FSS clients operate without traditional banking vehicles such as checking and savings accounts. The agenda focused on the advantages and proper use of transaction accounts including how to balance a checking account.

During 2003, 2004, and through April 2005, Eagle Bank conducted several financial literacy seminars to further educate consumers about the banking industry.

Eagle Bank was one of the first financial institutions to participate in the “Foreclosure Prevention Project”, which is approved by the Division. This initiative was developed to increase awareness of predatory lending, establish industry guidelines for sub-prime lending, and implement a foreclosure prevention program. These efforts assist consumers to sustain home ownership and increase consumer’s financial literacy.

Other Services

Eagle Bank operates a full-service branch at Everett High School for the staff, teachers, and students. The hours are 12:00 PM to 2:00 PM on school days. The branch is closed during school holidays, school vacations, school snow days, and Halloween. The branch is managed by a Bank employee, with the help of students who earn credits toward graduation by working in the branch. This branch provides educational and training opportunities to students who may want to pursue a career in banking.

“Express Teller” machines are installed at two of the Bank’s busiest foot traffic branches: Broadway in Everett and Ferry Street in Everett. The “Express Teller” machines offer customers an alternative to waiting in a teller line for deposits and/or payments. Customers can make deposits and/or payments with guaranteed same day processing and are provided an instant bank record.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

SERVICE TEST (CONTINUED)

Eagle Bank distributed various foreign language brochures throughout the assessment area. In addition, the Bank has publications in Spanish from the Federal government about savings bonds, FDIC Insurance, ETA accounts, and social security benefits. The Bank's most recent foreign language brochure is titled "Knowing and Understanding Your Credit" that is printed in English and Spanish that was most recently furnished to the City of Everett's Human Services Department.

CONCLUSION (Service Test)

As depicted above, by providing financial expertise services, officers and employees of Eagle Bank have demonstrated a good level of community development service activities. The Bank's primary focus of community development service has been the promotion of additional affordable housing, assisting in meeting the credit needs of low and moderate-income families as well as low-income elders. Additionally, the continued commitment towards consumer educational programs is noteworthy. Therefore, Eagle Bank's service activities receive a rating of Outstanding.

APPENDIX A

SCOPE OF EXAMINATION

Eagle Bank's assessment area is defined as 8 cities and towns located within the Boston MSA and the Cambridge-Newton-Framingham MA MD. The institution's CRA performance was reviewed using the large bank examination procedures. The time period covered in this examination was January 1, 2003, through April 30, 2005, using data as available.

All HMDA-reportable loans recorded on the 2003 and 2004 Loan Application Registers were included in the evaluation of the Bank's lending performance. In addition, all loans recorded on the 2003 and 2004 Small Business Loan Register (as defined under the data collection requirements of the CRA regulation) were included in the evaluation of the Bank's lending performance.

Qualified investments were also reviewed. The Bank primarily participates in qualified investments through its participation in provision of grants directed at low and moderate-income individuals and areas.

In addition, the Bank's systems for delivering retail banking services and the provision of service activities primarily for community development purposes and related to the provision of financial services were considered.

This examination also included a review of the Bank's Public File, which contained no negative CRA-related comments.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 466 Broadway, Everett, Massachusetts, 02149."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that area shall also include the address of the designated office for that area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.